CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: 2015 Land Banking – Conrad Unit – CLO – Daniel and Judith Pace

Proposed

Implementation Date: 2015

Proponent: This tract was nominated by the lessees, Daniel and Judith Pace, and

brought forward now by DNRC.

Location: SW4NE4, W2SE4, Section 29, T30N, R1W, 120.00 acres, Pondera County, (CS)

Total (CS) Acres: 120.00

Total Acres: 120.00

County: Pondera County

Trust: Commons Schools (CS)

I. TYPE AND PURPOSE OF ACTION

Offered for Sale at Public Auction are 120.00 acres of state land currently held in trust for the benefit of Common Schools. Revenue from the sale would be deposited in a special account, with monies from other sales around the State, to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income, and proximity to existing state ownership which would then be held in trust for the benefit of the same beneficiary Trust in relative proportion. The 2003 State Legislature passed statutes (77-2-361 through 367 MCA) authorizing the Department of Natural Resources and Conservation (DNRC) to sell State School Trust Lands and utilize those funds to purchase replacement lands for the school trust through a process called Land Banking. The intent of the program is for the state to dispose of scattered tracts of land that generally do not have legal access, generate substantially less income for the trust than their relative value or are difficult for the DNRC to manage. The funds generated from sales are then used to purchase property that is blocked or contiguous to state land, has legal access, has potential for increased Trust revenue and consequently is more efficient to manage. In 2005 the Department began accepting nominations from lessees and DNRC personnel for state tracts to be considered for sale under the program. Nominations were evaluated and the State Board of Land Commissioners (Board) prioritized for sale. To date the DNRC and the Board has sold 66,180.00 acres and purchased 64,629.00 acres.

Two maps are attached to this EA checklist: 1. Labeled "Appendix A" - Land Banking Priorities- Pondera County is a general map of all state land within that area of the county (blue) and the parcel of land being considered for sale under land banking (dark blue). 2. Labeled "Appendix B" is a satellite imagery map that indicates the tract being considered for sale in the EA checklist.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

- Legal notices were published in the in the Independent Observer on 01/28/2016 and 02/04/2016 and in the Choteau Acantha 01/27/2016 and 02/03/2016.
- Direct mailings were made to lessees, adjacent land owners, County Commissioners, State Legislators (from the involved Districts and who were associated with the legislation), and a host of organizations and individuals who had expressed previous interest in this process. A full listing of contacts is attached as Appendix C.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

No other governmental agencies have jurisdiction over this proposal.

3. ALTERNATIVES CONSIDERED:

Alternative A (No Action) – Under this alternative, the State retains the existing land ownership pattern and would not sell the 120.00 acres of state land currently held in trust for the benefit of Common Schools Trust Land contained in Section 29, T30N, R1W.

Alternative B (the Proposed action) – Under this alternative, the Department would request and recommend approval by the Land Board to sell the 120.00 acres of state land currently held in trust for the benefit of Common Schools Trust Land contained in Section 29, T30N, R1W. If approved by the Board, the sale would be at public auction, subject to the requirements found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. The income from the sale would be pooled with other land sale receipts from across the State to fund the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts. (The State would then review available lands for sale which would generally have access and an increased potential for income. A separate public scoping and review would be conducted when a potentially suitable parcel was found. It is not possible for this analysis to make any direct parcel to parcel comparisons.)

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.
- Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.
- Enter "NONE" If no impacts are identified or the resource is not present.

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

The information listed below provides a general outline of the soil types on the tract proposed for sale. USDA – NRCS soil survey indicated Land Capability Classification for Section 29, T30N, R1W as a mixture of 3E-5%, 4E-13%, and 7E-82% soils. The 3E, 4E, and 7E soils consisting of 120.00 acres are currently utilized for grazing. The majority of these classes of soil are generally not suitable for small grain crop production. This tract would not meet current DNRC breaking criteria as the soil types are comingled and would not support small grain production. ("If properly managed, soils in classes 1, 2, 3, 4 are suitable for the mechanized production of commonly grown field crops and for pasture and woodland. The degree of the soil limitations affecting the production of cultivated crops increases progressively from class 1 to class 5. The limitations can affect levels of production and the risk of permanent soil deterioration caused by erosion and other factors. Soils in classes 5, 6, 7 are generally not suitable for mechanized productions without special management. Capability subclasses indicate the dominant limitations in the class, E, shows that the main hazard is the risk of erosion unless a close growing plant cover is maintained. Capability subclasses indicate the dominant limitations in the class "S" shows that the soil is limited mainly because it is shallow, droughty, or stony. (From USDA-NRCS Soil Survey).

Topography is rolling to steep slopes composed of native rangeland. Soils are stable due to permanent vegetation cover being maintained upon the tract. This tract is surrounded by native rangeland contained in large pastures used for grazing on three sides. There is one side that is partially boarder by agricultural land. It is unlikely this tract would be broke for agricultural production in the future as it has been historically used as grazing land. The proposal does not involve any on the ground disturbance, so there are no soil effect differences between the alternatives. It is expected that this land will be used for livestock grazing in the future.

The State owns certain minerals under this parcel and would retain ownership of these mineral rights if the tract is sold.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

There are no water rights listed for Section 29, T30N, R1W. Other water quality and/or quantity issue will not be impacted by the proposed action as no change in land use is expected.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

The proposal does not include any on-the-ground activities, or changes to activities. No effects to air quality would occur.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

The acres proposed for sale consist of 120.00 acres of grazing land (native rangeland). Grazing land is typical of the Northern Mixed Grassed Prairie. Range sites are dominated by silty, clay, and bad land sites. Species composition is dominated by grasses which include western wheatgrass, green needle grass, needle and thread grass, blue grama, thread leaf sedge, sandberg bluegrass and prairie junegrass. Sub-dominate species include various forbs and shrubs. Noxious weeds have been identified according to previous inspections. Current range condition is good on Section 29, T30N, R1W with an estimated carrying capacity or stocking rate assessed at 0.158 AUMs per acre.

Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management, or other agricultural use. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this tract is typical of land throughout the vicinity and there are no known rare, unique cover types or vegetation on the tract. It is expected that this land will be used for grazing livestock in the future. The nominating lessee has indicated that if they purchased this tract, the land use would remain as grazing land. The proposal does not include any on-the-ground activities, or changes to activities and therefore we do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

A review of Natural Heritage data through the NRIS was conducted for T30N, R1W: There were no plant species of concern noted or potential species of concern noted on the NRIS survey.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

The area is not considered critical wildlife habitat. However, this tract provides habitat for a variety of big game species (mule deer, whitetail deer, and pronghorn antelope), predators (coyote, fox, and badger), upland game birds (sharp tail grouse and Hungarian partridge), other non-game mammals, raptors and various songbirds. The proposal does not include any land use change which would yield changes to the wildlife habitat. The proposed action will not impact wildlife forage, cover, or traveling corridors. Nor will this action change the juxtaposition of wildlife forage, water, or hiding and thermal cover.

The nominating lessees have indicated that if they purchased this tract, the land use would remain as native grazing land. There are no unique or critical wildlife habitats associated with the state tract and we do not expect direct or cumulative wildlife impacts would occur as a result of implementing the proposal. The proposed action will not have long-term negative effects on existing wildlife species and/or wildlife habitat because of its relatively small scale.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

A review of Natural Heritage data through the NRIS was conducted, as well as tract specific requests for wildlife concerns were made to the Montana FWP. Montana FWP did provide site specific comments regarding wildlife.

A review of Natural Heritage data through the NRIS was conducted for T30N, R1W. There were six animal species of concern, zero potential species of concern, and one special status species noted on the NRIS survey: Mammals-Hoary Bat and Little Brown Myotis. Birds-Golden Eagle, Burrowing Owl, Chestnut-collared Longspur, and Bald Eagle. Reptiles-Spiny Shoftshell. This particular tract of grazing land does not contain many, if any of these species. Threatened or endangered species, sensitive habitat types, or other species of special concern or potential species of concern will not be impacted given the fact no management changes are expected from the sale of the tract. Therefore, no direct, indirect, or cumulative effects are expected to these species of concern.

There are no threatened or endangered species, sensitive habitat types, or other species of special concern associated with the proposed land sale.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

The state parcel proposed for sale (120 acres: T30N R1W Section 29 SWNE1/4 & W1/2SE1/4 was inventoried to Class III standards for cultural and paleontological resources in October of 2015. One cultural resource site (24PN226) consisting of two tipi ring-size stone circles was documented. Because this cultural resource site falls outside the terms of the Programmatic Agreement between the DNRC and SHPO concerning stone features on state lands proposed for sale, the nominated parcel will be moved forward in the sale process. No further archaeological investigative work will be required. A cultural and paleontological resources inventory report has been prepared and is on file with the DNRC, (Helena) and the Montana State Historic Preservation Office (Helena):

Rennie, Patrick J.

2015 A Cultural and Paleontological Resources Inventory of State Land Nominated for Sale in Pondera, Teton, and Toole Counties, Montana. Report prepared for the DNRC (Helena, MT). Report dated November, 2015.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

This tract is located in a rural agricultural area. The state land does not provide any unique scenic qualities not also provided on adjacent private lands. The proposal does not include any on-the-ground activities, so there would be no change to the aesthetics in either alternative.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

There are 5,184,399.00 acres of Trust land, and 4,625,271.00 acres of Common Schools surface ownership in Montana, (TLMD, 2014 Annual Report).

There are approximately 56,517.41 acres of Common Schools Trust in Pondera County and 304,552.22 acres of Common School Trust in the Conrad Unit, (*TLMS*). This proposal includes 120.00 acres in Pondera County, a small percentage of the state land within this County.

There are additional tracts of state land currently under consideration for sale through the Land Banking Program. An additional 918.12 acres of state trust land in the Conrad Unit are being evaluated under separate analysis. Cumulatively, these lands considered for sale represent 0.21% of the state trust land surface ownership in Pondera County and 0.18% of the state trust land in Conrad Unit surface ownership.

The potential transfer of ownership will not have any impact or demands on environmental resources of land water, air, or energy.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

There are no other projects or plans being considered on the tract listed on this EA.

There are 10 tracts containing 918.12 acres in Teton County proposed for sale under the Land Banking Program and are being evaluated under separate review.

IV. IMPACTS ON THE HUMAN POPULATION

- RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.
- Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.
- Enter "NONE" If no impacts are identified or the resource is not present.

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

No impacts to human health and safety would occur as a result of the proposal.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

The tract included in this proposal is leased by Daniel and Judith Pace for grazing. Sale of the land to Daniel and Judith Pace would add to their ranching operations. Below is a table that indicates the State rated carrying capacity of the tract being considered for sale.

Legal	Acres	Lease #	State rated carrying capacity
Section 29, T30N, R1W	120.00	9470	19 AUM's
Total	120.00		19 AUMs

This proposal does not include any specific changes to the agricultural activities. The nominating lessees indicated that grazing would continue unchanged if they purchased this land.

No direct or cumulative impacts are anticipated as a result of the proposal.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The proposal would have no affect on quantity and distribution of employment.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

State School Trust Lands are currently exempt from property tax. If State Trust Lands represent 6% or greater of the total acres within a county, a payment in lieu of taxes (PLT) is made to the counties to mitigate for the State Trust Land tax exempt status. Counties will not realize an adjustment in the PLT payment as a result of an increase or decrease in State Trust Land acreage. If the parcels in this proposal were sold and use continued as grazing land, Pondera County would receive an estimated \$81.43 in additional property tax revenues.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

Being remote grazing lands, no traffic changes would be anticipated. All state and private land are under the County Coop wildfire protection program. The proposed sale will not change fire protections in the area.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

This tract is surrounded by private land. There are no zoning or other agency management plans affecting this land.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

This particular tract is not legally accessible which limits the recreational and wilderness activities. The tract also contains limited surface water features, is entirely surrounded by private land, and is relatively small in size. The tract is difficult to manage as it contains no legal access and has a lower than average rate of return. The current lessee has indicated the tract would remain as grazing land, so no expected changes are anticipated if the tract was sold via land banking.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing

The proposal does not include any changes to housing or developments. The nominating lessee has indicated that the land would continue as grazing land, if they purchase them at auction. No effects are anticipated.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

The State Trust land in this proposal is currently managed for grazing. The State land is generally indistinguishable from the adjacent private lands, with no unique quality.

The potential sale of the state land would not directly or cumulatively impact cultural uniqueness or diversity. It is unknown what management activities would take place on the lands if ownership was transferred. The tract was nominated by the lessee with the intent of purchasing and continuing use as grazing land.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

Legal	Acres	2015 Lease Income	Income per acre
Section 29, T30N, R1W	120.00	\$273.79	\$2.28

The statewide stocking rate for grazing land on 4.1 million acres averages 0.24 AUMs per acre or a total of 968,000 AUMs (2014 DNRC Annual Report). 2015 statewide grazing land gross revenue was \$13,948,880.00 or (\$14.41 per AUM) on 4.1 million grazing acres for an average income of \$3.40 per acre. The tract nominated for sale is lower than the average statewide stocking rate at 0.16 AUMs/ac and has a lower than average statewide income for grazing land at \$2.28/acre. The tract proposed to sell is small and isolated which creates management problems for the state and is generally not efficient to administer. In addition, this tract is essential for Daniel and Judith Pace's ranching business.

From 2006-2014, 509.00 acres in Pondera County have been sold through the land banking process. This resulted in a total sale value of \$154,502.00 or \$959.00 per acre in Pondera County.

An appraisal of the property value has not been completed to date. Under DNRC rules, an appraisal would be conducted if preliminary approval to proceed is granted by the Board of Land Commissioners. The Department is conducting more detailed evaluations at this time in order to make a determination on whether to offer the tracts for sale. The revenue generated from the sale of these parcels would be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. It is anticipated the replacement property would have legal access and be adjacent to other Trust lands which would provide greater management opportunities and income. If replacement property was not purchased prior to the expiration of the statute, the revenue would be deposited into the permanent trust for investment.

EA Checklist	Name:	Tony Nickol	Date: Feb 24, 2016
Prepared By:	Title:	Land Use Specialist, Conrad Unit, Central Land Office	

V. FINDING

25. ALTERNATIVE SELECTED:

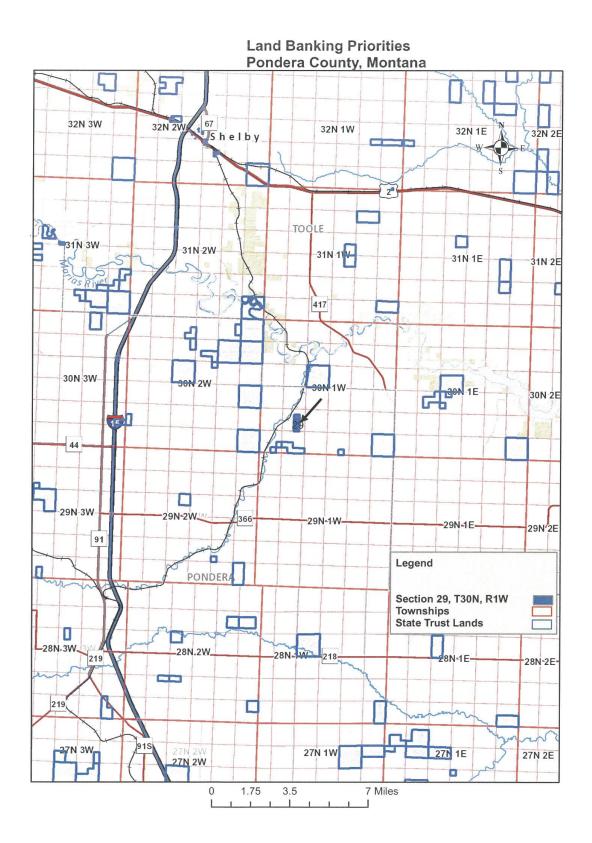
Alternative B (the Proposed action) – Under this alternative, the Department would request and recommend approval by the Land Board to sell the 120.00 acres of state land currently held in trust for the benefit of Common Schools Trust Land contained in Section 29, T30N, R1W. If approved by the Board, the sale would be at public auction, subject to the requirements found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. The income from the sale would be pooled with other land sale receipts from across the State to fund the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts.

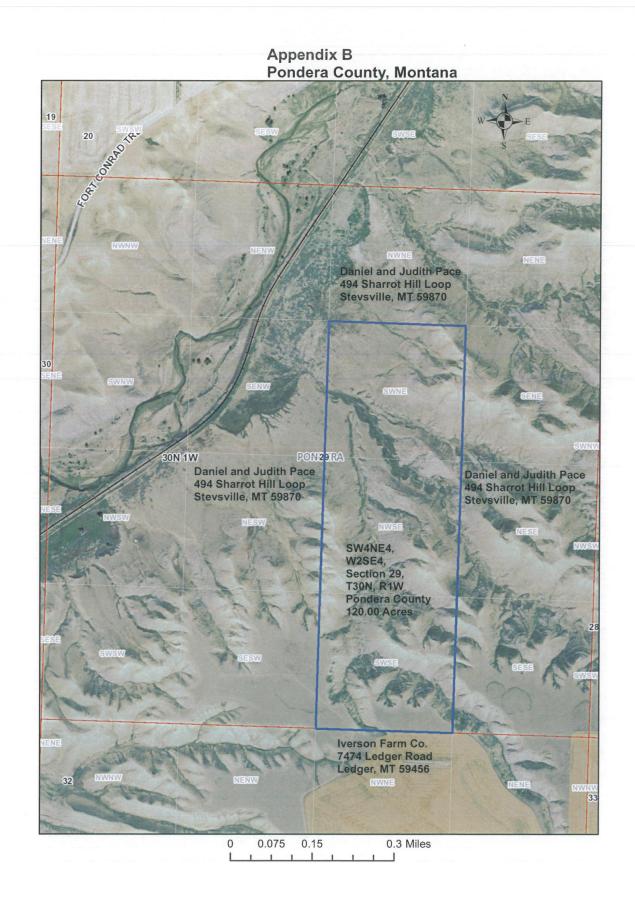
26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I have evaluated the potential social, economic, and environment effects and have determined significant impacts would not result from the proposed 120 acre land sale. No comments were received from the extensive scoping list, published public notice, or the general public at large. This parcel does not have any unique characteristics, critical habitat or environmental conditions indicating the tract should remain under DNRC ownership and management. The nominating lessee has indicated that no changes in land use will occur as a result of the purchase and the property will be managed as native grazing land into the future. There are no indications the tract would produce substantially greater revenue or have substantially greater value to the trust in the future. The parcel is less than the state wide average productivity for grazing land. Due to the fact that the parcel is isolated and small in size DNRC management is difficult. This parcel does have legal access and offers very little recreational value. If sold this tract is likely to be managed in a manner consistent with surrounding lands (grazing land). It is in the best interest of the trust beneficiaries to sell this tract.

27.	27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:							
	EIS		More Detailed EA	X No Further Analysis				
	EA Checklist	Name:	Erik Eneboe					
	Approved By:	Title:	Conrad Unit Manager, Central Land Office					
	Signature:	46		Date:	Feb 25, 2016			

Appendix A





Appendix C

Anne Hedges Montana Environmental Information Center P O Box 1184 Helena MT 59624

Helena MT 59601

Montana Wildlife Federation P O Box 1175 Helena MT 59624

University of Montana 32 Campus Dr. Missoula MT 59812-0001 Kyle Hardin

Bob Vogel Montana School Board Association 863 Great Northern Blvd. Ste 301 Helena MT 59601-3398

Daniel Berube Fish, Wildlife & Parks Attn: Ryan Rauscher 27 Cedar Lake Dr. Butte Mt 59701 514 South Front Street

Julia Altermus Montana Wood Products P O Box 1967 Missoula Mt 59806

Harold Blattie Montana Association of Counties 2715 Skyway Dr. Helena MT 59601

Jack Atcheson, Sr. 3210 Ottawa Butte, MT 59701

Janet Ellis Montana Audubon P O Box 595 Helena MT 59624 Dept. Fish, Wildlife & Parks Attn: Darlene Edge P O Box 200701 Helena MT 59620-0701 Fish, Wildlife & Parks Region 4 Office Attn: Gary Bertellotti 4600 Giant Springs Road Great Falls MT 59405

The Nature Conservancy

32 South Ewing

Rosi Keller

Matador Cattle Co. 9500 Blacktail Rd

Dillon MT 59725

Conrad MT 59425

MT Department of Transportation Attn: Carla Haas P O Box 201001 Helena MT 59320-1001

MT Department of Environment Quality Attn: Bonnie Lovelace P O Box 200901 Helena MT 59620-0901

Kellie Petterson MSU Bozeman P O Box 172440 Bozeman MT 59717-0001

Jake Cummins MT Farm Bureau Federation 502 S 19th, Suite 104 Bozeman MT 59718

Teton County Commissioners P O Box 610 Choteau MT 59422

Pondera County Commissioners 20 Fourth Avenue SW Conrad MT 59425

House District 27 Rob Cook 223 1st Ave SW Conrad MT 59425

Senate District 14 Llew Jones 1102 4th Ave SW Conrad MT 59425

House District 17 Christy Clark P O Box 423 Choteau MT 59422-0423

Senate District 9 Rick Ripley 8920 MT Highway 200 Wolf creek MT 59648-8639

Confederated Salish & Kootenai Tribes 51383 Highway 93 North Pablo MT 59855

Montana Stockgrowers 420 N California Helena MT 59601

Montana Association of Land Trust Attn: Glen Marx, Executive Director P O Box 892 Helena MT 59624

Montana Tech Don Blackketter, Chancellor 1300 W Park Street Butte MT 59701

University of Montana Western Beth Weatherby, Chancellor 710 South Atlantic Dillion MT 59725

Montana State University Billings Dr. Mark Nook, Chancellor 1500 N 30th Street Billings MT 59101

Office of Budget & Program Planning Budget Director P O Box 200802 Helena MT 59620-0802

Veterans' Home Trust Beneficiary Richard Opper, Director DPHHS P O Box 4210 Helena MT 59620-4210

Department of Corrections Mike Batista, Director P O Box 201301 Helena MT 59620-1301

Triple DJ LLC P O Box 857 Choteau MT 59422 Blackfeet Tribe P O Box 850 Browning MT 59417

Office of Public Instruction Denise Juneau, Superintendent Box 202501 Helena MT 59620-2501

School for Deaf & Blind Donna Sorensen, Superintendent 3911 Central Ave Great Falls MT 59405-1697 Deep Creek Ranch & Management Co P O Box 1200 Choteau MT 59422

Iverson Farm Co 7474 Ledger Rd Ledger MT 59456

Fish, Wildlife & Parks Attn: Brent Lonner P O Box 488 Fairfield MT 59436